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GENERAL REPORT ON
BRITISH WAR TIME FOOD CONTROL TECHNIQUES.

by

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The most striking element in British food control, particularly with respect to the major commodities, is the great detail with which the movement and disposition of commodity prior to consumption by the individual household is worked out. The British developed their major system of control only after long study and planning. As a matter of fact, the problems of wartime food control were under analysis as early as 1938, when a division (the Food (Defence Plans) Department) was set up for this purpose in the Board of Trade. Since the British food situation is, in general, much tighter than in the United States, such widespread control may not be necessary in America; nevertheless, a general treatment of the closely integrated systems which the British have instituted may furnish a guide in developing adequate food control in the United States.

I MAJOR BRITISH FOOD CONTROL PROBLEMS

While there are many differences in the problems confronting the British and the United States, at certain points they are the same. The fundamental problems of British food control are:

A. Inflation Control

Control of prices as a part of an over-all program for controlling inflationary processes engendered by the war, and

B. Distribution of Restricted Supplies

Measures designed to distribute, equitably and efficiently, the restricted values of food available for consumption in the light of fixed prices and increased consumer incomes.

In broad outline the problems in the United States and in England are, therefore, the same although the intensity of the problem may not be as great in the United States as in England.

A system of price control whereby prices are kept from increasing in accordance with the play of supply and demand forces necessarily brings with it the need for control of the distribution of available food supplies among the population. Thus, there develops the need for rationing and a policy of guaranteeing equivalence of the right to purchase foods on the part of the population.

II MAJOR PRINCIPLES OF CONTROL

The major principles of control which have been followed by the British in the major commodities are:



A. Equitable Distribution To Individuals - The Principle of "Fair Shares"

This does not mean equivalence of distribution in every instance, since considerations of the public interest have led to the development of schemes whereby persons who need more food than the average are able to get it. By priority allocation growing children, nursing and expectant mothers, and invalids, for example, are able to obtain more protective foods than the general population.

B. Government Pledge to Meet Rations

There is an implied promise that the Government will provide supplies sufficient to meet consumers' rations. This is particularly true in the case of major foods such as meat, fats, and cheese. The British do not leave this matter to chance or the whim of dealers, but assure it through the integrated system of Government regulation and operation of industry which is described generally below.

C. Other Principles

Food control as such cannot be considered in isolation from programs for the control of transport, man-power, and other resources. Accordingly, under food control stringent efforts are made to operate so that not only the primary purpose, but also the secondary purposes associated with the over-all war effort are achieved.

Every effort is made to make whatever supplies are available readily procurable by the housewife. The British go to great lengths to avoid crowding at markets, runs on various stores, shopping around, and queueing, in the belief that their prevention of these assures greater success.

Throughout, an effort is made to impose a system which is sufficiently flexible to permit adjustments when changes in the supply situation occur. Other principles of food control could be mentioned but it is believed that the above statements cover the most important features.

III MAJOR TECHNIQUES OF CONTROL

A. Industry Control

In all major food control programs the British secure complete control at some stage in the road from the raw material to consumer. This, for want of a better term, is called the "bottle neck" technique. Experience has indicated that it is necessary in the interest of adequate control of food in a tight supply situation to be sure that the Government gets its hands on the product. It is considered essential to the successful functioning of the control programs for meats, fats, dairy products and other similar commodities.

The bottle-neck is formed by either outright ownership of the commodity by the Ministry of Food, or rigid license control, and is effectuated in operational detail by the establishment of War-time Associations. These Associations are



made up of members of the trade and they handle the product for the Ministry of Food. Their operating margins, the allocation of product between members of the trade, the selling prices, the qualities or grades which will be recognized, and other matters are established by directives of the Ministry of Food. The War-time Associations carry out these directives under the supervision of the Ministry of Food. In effect, the entire management of a number of industries is in the hands of the Ministry of Food although the details of operations, and the actual handling are carried out by the industry.

Several reasons for the establishment of these bottlenecks are advanced, among these being:

(1) To Get a Control of Prices

Once the product is in the hands of the Government, by virtue of the "bottle-neck" the product is sold to the trade at fixed prices through the War-time Associations. This means that buying and selling is actually accomplished in much the same fashion as if the individual purchases and sales were conducted by Government employees or persons acting only as agents of the Government. Quite obviously this adds a great deal of precision to the price control programs. Furthermore, it makes relatively easy the application of subsidies on a wide scale. Subsidies are extremely important in price and volume controls in the United Kingdom, but this will be treated in a separate report.

(2) To Ensure Precision in Control of the Flow of Commodity Through Trade Channels

It has been pointed out that one of the major principles of control of distribution is to see that the needed volumes are on hand at the right time and in the right place to meet ration demands. This cannot be left to chance or the workings of a price system which has been largely stripped of its distribution function by control of prices. The creation of the bottle-neck makes it relatively easy to ensure the distribution of supplies in accordance with need. The War-time Associations are of great aid in carrying out allocations made by the Ministry of Food.

(3) To Retain Normal Trade Channels

The policy of using normal trade channels wherever possible is compatible with the use of the bottle-neck technique. The system works almost as though the Government and the normal channels of trade were in partnership, the Government being the dominant partner. The facilities of the trade are available not only for handling the commodity but also for keeping records, and actual distribution of commodities between areas. If this were done by the Government operating on its own behalf and with its own personnel, the problems of administration would be practically insuperable.

B. Price Control

Price control of all major food prices has been established in England. The control of rationing of staple foods was granted to the consumer and covers meat, bacon, sugar, flour, bread, butter, cheese, bacon, eggs, etc. (1)



means of preventing inflation, and (2) a means of implementing a national policy of nutrition and wartime feeding.

Both rationing and price control are integral parts of the broader program of wartime feeding and food management. Inflation cannot be allowed, partly because of its effects upon the national economic structure, and partly because of the great suffering that would result among all but the well-to-do. During wartime, it is necessary to have positive programs designed to assure equitable distribution of limited supplies. This cannot be left to chance, else those with more time to shop, more money, more "pull" with the shopkeepers, etc., would secure more than a fair share. Rationing without price level control probably would not work, nor would price control without rationing. They are complementary, not supplementary.

The type of price control program in operation may have great influence upon the type of rationing program that can be instituted. Contrariwise, decision to ration a particular food under a certain type of program may involve setting up a particular type of price control program, or the modification of an existing program.

In England, one of the major characteristics of price control in a number of important commodities is the great degree of uniformity of prices throughout the country. The uniform price policy of the Ministry of Food is due to several considerations which are:

1. Control of commodity flow

Rigid control of the flow of commodity through all channels of trade is considered necessary to successful control of some foods. This carries with it the necessity for practically "freezing" consumers to a specific store - hence mandatory consumer registration.

2. Maintenance of storekeepers

The desire to maintain as many storekeepers as possible stems not so much from a "business as usual" complex as from the need to conserve adequate shopping facilities, both from the standpoint of convenience - an important factor when no gasoline is available for shopping and other forms of transportation are overburdened, and as a safety feature in the event of large scale bombing raids, when many shops are inevitably destroyed or damaged.

3. Relation of weight rationing to uniform prices

Weight rationing, for practical purposes, also must have associated with it a system whereby prices are kept practically uniform between stores, largely because consumer registration is required. If prices varied between stores, consumers would tend to choose the low priced stores. This would probably make it necessary to allocate customers to stores, and those who were allocated to high priced shops would protest vigorously.

4. Relation of value rationing to uniform prices

If a commodity is to be rationed on a value basis, it is fairly obvious that prices should be uniform between stores in the same area. The principle of equivalence would be violated if prices varied between stores, since those trading at high priced stores would receive less than those trading at low priced stores. If a value system of rationing were instituted under a price system that allows considerable variation between stores, there would be an ebb and flow of customers from the high priced to the low priced shops, queuing, and the like, all of which would make much more difficult the problem of regularizing the flow of commodities through marketing channels. In addition, public relations problems would be multiplied.

5. Other functions of price control

Under the weight and value systems of rationing, the price system exercises some important functions in connection with grade and quality differentiation. These functions will be considered in the section on straight rationing.

C. Rationing-Control of Consumer Off-take

This section will show that the rationing technique varies depending upon the nature of the commodity concerned, the supply and demand conditions affecting it, and the conditions of control precedent to the institution of one technique as compared to another.

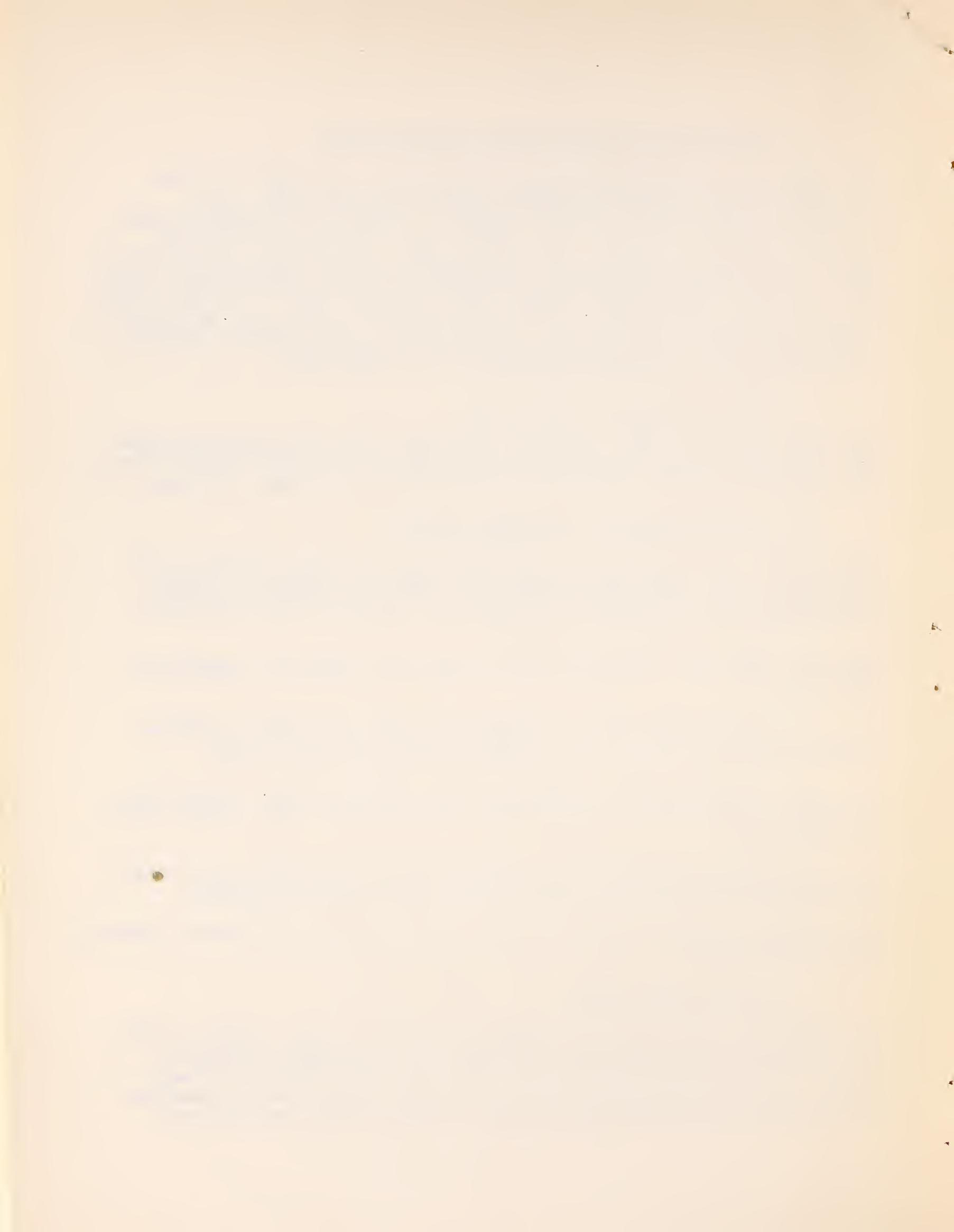
There are three major techniques used to limit the demand for commodities, these being:

1. The straight ration. Consumers are given the right to purchase a given weight or value of the commodity during the ration period;
2. The points ration. Commodities are assigned points values, and consumers are entitled to "spend" their points for any of the articles under the scheme; and
3. Priority distribution. Certain classes of consumers are provided larger than average supplies and first call upon available supplies.

These schemes, and the reasons for their application under different conditions, are set forth below:

1. The "Straight" ration

The "straight" ration is applied either by weight or value. Cheese, butter and margarine, bacon, and sugar are examples of commodities rationed by weight. Meats, except canned meats, are rationed by value, whereby each consumer is allowed to purchase a given value of meat per week. Inasmuch as the prices of the various units and qualities of meat are fixed at a



uniform level from store to store and throughout the country, the over-all results of value rationing are closely approximate to those that would be secured under straight weight rationing. The major difference is that consumers of higher quality and higher priced meat get less meat than those who consume the lower quality and lower priced cuts. Since there is a rough direct correlation between level of income and quality as well as quantity of meat eaten by income classes, the lower income classes tend to be at relative advantage under a value ration.

In general, "straight" rationing has been applied for commodities that are basic in the diet throughout the population. Straight rationing is applied if supplies are short for a commodity eaten regularly by practically everyone, and if for nutritional and public relations purposes it is desired that everyone have a regular share of the available supply. For example, practically everyone eats meat fairly regularly, supplies in some volume are regularly forthcoming, and the amounts eaten are in sufficient volume per purchase or per meal to allow dealing in substantial quantities per person. It is important that the volume allowable per person per rationing period be manageable on a weight or value basis. Commodities that are not eaten regularly by many people, and in very small amounts stated in terms of an average per rationing period such as a week or month, are not fit subjects for weight or value rationing.

The foregoing is admittedly a simplified statement of the reasons for and conditions precedent to the application of value or weight rationing; it is now appropriate to discuss briefly the administrative machinery by which weight and value rationing are carried out.

a. Consumer registration.- Consumers must register with an individual retailer. They cannot change their retailer except upon application to and approval by the Local Food Office. This definitely limits shopping around, but it results in assurance that consumers registered with a retailer will secure their ration. The summation of the consumer registrations gives the value or volume of product to which the retailer is entitled for each ration period.

b. Wholesaler nomination.- Retailers are required to nominate wholesale suppliers, and in most cases can nominate only one or at most two. They cannot change wholesalers without the approval of the Area Food Officer. Through this device, wholesalers know what the demands upon them will be, and they in turn draw upon the Ministry or its agent, as the case may be.

The mechanics of control described briefly above, together with those described in the preceding section of this report, illustrate the most rigid application of the "bottle-neck" technique from the beginning of the marketing process through to the consumer. It is rigid, quite precise, and finds favor with the public.

2. The Points Rationing Technique

The points rationing scheme was put into effect on December 1, 1941. Consumers are given "points", which represent a right to purchase "pointed" foods. Each "pointed" food is given a "points" value, which may be varied from ration period to ration period which changes the rate of off-take. The major purposes of points rationing according to a circular of the Ministry of Food published September 21, 1942, are:

(1) "To provide a means of sharing equitably those foods for which demand varies widely or which are available in such small quantities that an equal ration would be insignificant".

(2) "To check excessive expenditure by consumers on foodstuffs not covered by orthodox rationing."

(3) "To provide an elastic means of controlling and coordinating the supplies of the less essential foods, and of guiding consumption in the light of the Ministry's long term policy."

Common & milk should not be

The points scheme is extended from time to time to different groups of food which, in general, are rather readily substitutable for each other. The points scheme at first covered canned meats, canned fish and canned beans, but by September, 1942, also included canned fruit, canned tomatoes, canned peas, condensed milk, cereal breakfast foods, rice, sago and tapioca, dried peas, beans and lentils, dried fruits, syrup and treacle, and biscuits. Common characteristics of these foods are (1) irregular and small volume consumption, (2) few, if any, basic in the diet, (3) with the exception of condensed milk, fairly readily substitutable within rather large groups, and (4) all relatively imperishable. The factor of perishability does not appear to be the determining factor in the decision to ration a food under the points system, but it is significant to note that no highly perishable foods is included. The highly perishable foods are rationed under the straight rationing system or under "priority distribution".

The administrative techniques employed in operating points rationing can be indicated by describing the flow of supply from the consumer back to source in the marketing process, as follows:

a. Use of points coupons and vouchers. - The buyer surrenders the number of points applicable to the food he purchases, both by kind of food and volume.

The consumer may purchase his supply from any retailer, and the "collective consumer" may purchase his supply from any retailer or wholesaler. This is in marked contrast to the registration technique for both consumers and retailers that is employed in straight rationing and in most priority distribution.

The supply of points foods to dealers is not controlled by a system of permits and allocation, as under straight rationing, but by the surrender of vouchers for the appropriate number of points. Retailers turn over their points coupons



to local food officers receiving vouchers in return. Retailers may also receive vouchers from sale of pointed foods to caterers or institutions.

Wholesalers obtain their vouchers from catering establishments, institutions, retailers, or other wholesalers, depending upon their sales.

b. Allocation to distributors.— The supply of most pointed foods to firsthand distributors is directly controlled by the Ministry of Food, either as owner or by control of the raw materials of manufacture. For each of the directly controlled foods, a maximum release to firsthand distributors is determined in advance for each period; this provides a safeguard in the event of unusual demand for any food. For some products, e.g. dried fruits, firsthand distributors are required to surrender vouchers in the appropriate quantity before any supplies are released to them. For others, e.g., canned meat and fish, shipments of firsthand distributors are made in advance of the receipt of vouchers in order to avoid delay in distribution; but the necessary quantity of vouchers must be surrendered in due course by the firsthand distributors concerned.

c. Determination of allocations.— Under points rationing, since demand for particular foods by consumers is not directly regulated, account must be taken of variations in demand and supply. The adjustment of supply to demand can be accomplished by adjusting the total number of points available to consumers, by varying the points value for different foods within the overall point allocation to individual consumers, or by adding foods to the list of pointed foods.

The Ministry controls the pointed food supply and production at the source, but the degree of control from that point through marketing channels to the consumer is not nearly so great as under straight rationing. Registration of consumers, wholesalers, etc., is avoided, but this is done deliberately for the reasons indicated.

This is not to say that no adjustments are required. As a matter of fact, a great deal of work is done in order to have some basis for adjustment of points values so that demand and supply are brought into line. Some basis for judgment as to whether given points values are set too high or too low must be obtained. This is secured by consideration of the following data:

- (1) Current statistics of arrivals, stocks, releases.
- (2) Monthly statistics of firsthand distributors stocks and sales.
- (3) Fortnightly reports from Area Provisions and Grocery Committees through use of questionnaires to wholesalers.
- (4) Surveys of consumer demands. These are made weekly from a sample of 4,000 households, and cover such matters as expenditures on points, etc. The sample is changed from week to week, except for 1,000 households kept for checking purposes, and represent about 50,000 consumers per month. Although these surveys cover a very small sample, they have been of great value in indicating how pointed foods are moving.

- (5) Points food sales by chain stores, furnished on a fortnightly basis.
- (6) Monthly statistics from Food Offices showing points vouchers listed.

All of the data must be used in arriving at a decision as to changes in points. While points rationing possesses elements of flexibility, it is a much more crude control than straight rationing. It takes time to develop the considerations upon which to base a decision regarding changes in points - from 4 to 6 weeks. An initial error may not be particularly important because of the non-basic nature of the pointed foods in the diet, but if points were extended to cover basic commodities in the diet, a major error in point value determination would lead to serious difficulty. It may appear that value-rationing would be subject to the same error, but the extremely rigid control of product and allocation thereof throughout the marketing process prevent such mistakes, since prices, quantities, margins, and allocated volume are known all through the system. This is not true under points rationing.

3. The control of consumer off-take through priority distribution

In general, the system of priority distribution is more elastic than straight rationing schemes, but less elastic than the points system. It involves the setting up of "priority" classes which have "priority" to purchase the available supply, i.e., their allotments must be met before the product may be sold to a non-priority consumer. The method has been applied to milk, and certain foods rich in vitamins (cod liver oil, fruit juices, eggs, oranges, onions, etc.). Consumers must register (except in the case of oranges) with a retailer.

The mechanics of the milk scheme, which has been described in a separate report, may be summarized briefly as follows:

- a. Consumer registration.- Consumers register with a particular distributor although their freedom of nomination has been drastically curtailed under the program for the rationalization of retail distribution.
- b. Sales to individuals.- Certain categories of consumers, such as children, nursing and expectant mothers, and invalids may purchase specified volumes. Any remaining amount is distributed to non-priority consumers.
- c. Sales to collective consumers.- Catering establishments and "collective consumption" institutions also register with a supplier and are allocated supplies based principally on the number of drinks requiring milk that they serve and the type of institution.
- d. Distribution.- The purchase of milk from farmers is "bottle-necked" through the Milk Marketing Board. The Ministry of Food buys all milk from the Board and in turn sells it to distributors in accordance with their registered needs.

The priority distribution schemes for the other products mentioned above are quite similar in content and in administration to the milk scheme.



IV SUMMARY

British control of prices and distribution has four objectives: (1) the prevention of inflation, (2) the equitable distribution of restricted supplies, (3) practically a guarantee that prescribed rations for important foods will be available to the consumer, and (4) securing efficiency of distribution with as little loss of flexibility as possible or creating shopping hardships.

These objectives are achieved first by routing supplies for the major foods through bottle-necks in the form of Wartime Associations controlled and supervised by the Government. This enables control of prices, control of volume, and maintenance of normal trade channels.

Secondly, price control is not only established at the bottle-neck but through all steps in the distribution. This aids in control of inflation and improvement of nutrition since uniform prices permit easy control of commodity flows. Uniform prices are closely related to the establishment of weight and value rationing.

Finally one of three methods of rationing is used, the choice being dependent on the importance of the commodity, its supply situation, and its perishability. The three rationing techniques are:

1. The straight ration which is used for important food items in relatively good supply. Rationing may be either by weight or value. With this technique both consumers and retailers register with their supply sources in order to provide suitable control and allocation.

2. Points rationing which is used for less important items which are ordinarily substitutes within fairly wide ranges. This method of rationing has been confined to non-perishable items such as canned goods.

3. Priority rationing which is used for protective foods which are available only in very limited supply. Groups having greatest need for these items are given priorities which assure them of supplies before any is available to the general public.

